

**VERMONT ECONOMIC PROGRESS COUNCIL
MEETING MINUTES**

**SEPTEMBER 23, 2010
9:30 A.M. TO 12:00 P.M.**

**CALVIN COOLIDGE CONFERENCE ROOM
NATIONAL LIFE BUILDING, 6TH FLOOR
MONTPELIER, VERMONT**

Members Present: Janet Ancel, Betsy Gentile, Karen Marshall, Nancy Port, Rachel Smith,

Present by Phone: Carl Rosenquist

Members Absent: John Campbell, Stephan Morse, Mary Lintermann, Chris Keyser, Mark Young

Staff Present: Jayna Jones, Fred Kenney

Others: Town of Colchester: Al Voegele, Kimberly Murray, Joan Boehm, Bryan Osborne, Sarah Hadd.

Jeff Carr, EPRI; Joss Besse, John Kessler, Agency of Commerce & Community Development; Joe Segale, RSG, Inc.; Cliff Collins, Ruggiano Engineering; Bart Frisbee, Sterling Construction; Robin Jeffers, S.D. Ireland Construction

9:50 a.m. Karen Marshall called the meeting to order.

Karen asked if there was any public comment. Hearing none, Karen inquired on the Council's pleasure regarding the August 26, 2010 meeting minutes.

9:52 a.m. Nancy Port made a motion to approve the August 26, 2010 meeting minutes. Betsy Gentile seconded and the motion carried 6-0-0.

9:55 a.m. Karen invited Cliff Collins, Ruggiano Engineering, Joe Segale, RSG, Inc. and Jeff Carr, EPR, Inc. to present their findings as the analysts contracted by VEPC to provide a third party review of the technical aspects of the Severance Corners TIF District application.

9:57 a.m. Joe Segale, RSG summarized the findings by RSG, Inc. regarding the cost estimates, local and regional enhancements, and proposed proportionality of the transportation improvements proposed in the application. RSG found the cost estimates for the intersection improvements and pedestrian/bicycle improvements to be reasonable, and they confirmed that the proposed transportation projects would, in fact, improve traffic

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conditions and provide enhancements to the transportation systems in the area. Joe affirmed that the 100% proportionality for the bike and pedestrian improvements is reasonable as they are intended to serve adjacent land use, will not serve a significant proportion of through travel, and are not necessary to address existing demand. Joe suggested that the Board consider an alternative proportionality for the intersection improvements based on the percentage of new demand that is considered to be due to the projected development at Severance Corners vs. the growth in the background traffic that is generated because it is a regional intersection. Therefore, something less than 100% of the costs would be reasonable from a mathematical prospective. However, he recommended that the Board also consider the permit conditions on the proposed development in relation to the intersection improvements, which can argue for the 100% proportionality as the developments cannot occur without the intersection improvements. (See RSG Report for detailed analysis and recommendations).

Bryan Osborne added that the town agrees with Joe's conclusion. The Board should consider that the reality is that town cannot do this in pieces or fund it in pieces. That is why the application was developed as it is presented. The development cannot go forward with the intersection improvements.

The board discussed the alternatives for proportionality and concluded that 100% is reasonable for the pedestrian/bicycle improvements and the intersection improvements.

10:02 a.m. Cliff Collins presented the findings by Ruggiano Engineering. He confirmed that Water Tower Hill is the most appropriate site for the improvements, that the cost estimates are reasonable, and that, for the most part, the proportionality proposed is reasonable. He discussed his calculations and that the calculations would change the proportionality from 52% to 50%.

Sarah Hadd pointed out that the discrepancy is due to the fact that the water storage study was done prior to the final Growth center approval, which required that certain parcels be removed from the Growth Center. The two percent difference is due to the parcels that were removed from the Growth Center.

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The Board discussed the calculations further with Cliff and concluded that the proportion should be 50% since those parcels are no longer part of the growth center. (See report from Ruggiano Engineering for details).

The Board inquired regarding who would pay for the portion of the water storage that would not be funded with TIF revenues. The Town responded that there were several interested parties that would jointly fund the balance - CWD, FD1, and FD3. The Board asked if there was an agreement that required those parties to pay the balance. The Town responded that there is not an agreement in place. However, ultimately, if these other parties decided not to contribute toward the balance, the Colchester Select Board has agreed to have the Town pay it. The Board asked if that would require voter approval and whether the voters had been asked, to which the Town answered, yes, voter approval would be required and no, the question has not yet been put to them.

The Board also asked the town about the feasibility of the developments if Colchester didn't have all of this water capacity. The town confirmed that they have no excess water storage capacity for the Growth Center/TIF District.

The town briefed the Council on an alternative water storage capacity solution involving the Town of Essex, which could prove to be less expensive. There is an issue as to whether Essex can proceed with their project on the timeline needed by Colchester. In essence, the Town of Colchester would purchase the capacity that Essex has in the Water Tower Hill facility and Essex would build their own water storage facility.

The transaction would be the purchase of existing water capacity in the Champlain Water District.

The Town is looking for the flexibility to pursue this option as the solution if the issue of timing can be overcome.

Karen requested that John Kessler, ACCD legal counsel, opine on the legal aspects of the TIF, bonding, and other statutes in regards to this option, especially whether TIF revenues can be used for this option when there really is not a piece of infrastructure being built. Is this a capital infrastructure cost or an operation cost?

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After further discussion, the Council concluded that the appropriate proportion for the water storage project is 50% and that the Essex option would be included as a condition if the TIF is approved.

Jeff Carr reviewed the Project Criteria, starting with financial need. EPRI concluded that the evidence and budgetary trends indicate that the expenditures for the infrastructure meet the threshold that these expenditures are outside of the ordinary for either pay as you budgetary approach or for bonded debt. The data supports the Council making a positive determination on need.

Karen asked for any further questions or discussions by the Council in regards to need.

Jeff reviewed his findings on the affordable housing criteria. His review found that at least a quarter of the housing would be considered affordable and the density will be much higher than at the time of application. Jeff recommended that the Council make a positive finding on affordable housing and density.

The Council concluded that based on the presentation of the analysts and testimony and evidence previously submitted and reviewed, that the application meets three of the five Project Criteria.

Jeff reviewed his findings and recommendations on viability. Jeff pointed out that the Growth center application and its projections were written and submitted before the start of the recent recession. The TIF District application was written as it was ongoing. They had to use the most recent long term projections available. Jeff pointed out that there is a conflict in statute that requires a Growth Center to declare that the Growth Center is scaled to accommodate at least 51% of any new development will occur in the Growth Center of the next 20 years. This flies in the face of what makes sense market-wise.

Overall, it's a very ambitious development schedule. But the Town did a good job of being conservative in their projections. Jeff suggested that the Council ask applicants to at least file some evidence for review that outlines the underpinnings of their development activity represented in their finance plan. This evidence would best be market studies by the municipality or developers but could also consist of a narrative in the application that discusses the plusses and minuses and risks to the finance plan,

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based on the market viability of the development plans – whether residential, commercial, retail or industrial.

The Council should also request that the application include a narrative about the extent to which the proposed development will result in the transference of existing Vermont businesses to within the TIF District rather than the creation of new businesses and jobs. This should be part of the application regardless of whether they are meeting the Project Criteria regarding new jobs.

The Council discussed viability and asked the town to give a summary of their optimism regarding the project. Sarah gave a summary of the market viability for the Growth Center/TIF District.

The Board and Town discussed the timing of TIF debt and deadlines for when debt needs to be incurred. Karen reviewed the responsibility of the town to inform and have voter approval for all debt and that the ultimate responsibility for any debt lies with the voters of Colchester.

The Council reviewed each criteria and determination:

- Purpose: The VEPC Board determined that the statutory purpose for a TIF District is met, with a condition as recommended by staff regarding specific reporting on employment within the TIF District.
- But For: Met, by statute due to location of TIF wholly within a Growth Center.
- Nexus: The VEPC Board determined that nexus is met for all parcels included in the TIF District and for all proposed infrastructure projects.
- Proportionality: The VEPC Board determined that proportionality be set as proposed at 100% of intersection improvements and 100% of pedestrian and bicycle improvements. The Council approved 50% of the water storage capacity improvements costs instead of the 52% as proposed by Colchester.
- The Council conditioned utilization of TIF revenues for the water storage solution and the 50% proportion for the water storage solution on a requirement that Colchester submit a document signed by the various parties involved in the

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solution that confirms by agreement the cost of the overall project, the portions that will be paid by each party involved in the solution, and the portion that will be paid with TIF revenues, which must conform with the proportion approved by VEPC. Such agreement must be filed with VEPC within 90 days after the conclusion of the negotiations on the water storage solution.

- Process: The VEPC Board determined that all process requirements have been met.
- Location Criteria: Met, by statute due to location of TIF wholly within a Growth Center.
- Project Criteria: The VEPC Board determined that the development and infrastructure included in the TIF Plan meet three of the five Project Criteria (Need, Affordable Housing, and Transportation Enhancements).
- Viability: The VEPC Board determined that the TIF Plan as presented will provide sufficient revenues to service the proposed level of debt, if the real property development occurs as presented and planned.
- The Council agreed to review an amendment, at the time of consideration of a TIF Financing Plan, in regards to an alternative water storage solution and agreed that the State is responsible for providing a legal opinion as to whether the municipality can bond for the purpose proposed by the solution and whether TIF revenues can statutorily be utilized for the proposed alternative water storage solution outlined by Colchester.

11:33 a.m.

Nancy Port moved approval of Colchester's Severance Corners TIF District Plan as conditioned above, including a draft financing plan, subject to submittal of a final TIF Financing Plan for review and approval, and thereby authorizes the utilization of incremental municipal property tax and incremental education property tax revenues to service TIF infrastructure debt. Carl Rosenquist seconded and the motion carried 6-0-0.

11:35 a.m.

Fred presented the most recent printout of the VEGI authorization status and discussed the 2010 and 2011 cap and status of the companies. The Board authorized Fred to begin the process to request additional cap authority for 2011

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given the volume of potential applications and the potential activity proposed by those applications.

The Board discussed requesting studies, narrative, municipal and developer testimony, and other evidence regarding market viability of the proposed development that supports the viability of the TIF financing schedule to help with determining the viability of the TIF and TIF financing plan. The application shall now require substantial narrative, and any supporting documentation, in regards to the market viability of the real property development included in the application. This can include market studies of residential, commercial, retail, and industrial development projects, development review board testimony by developers, or any other evidence or testimony of market viability prepared by the developers or the municipality. The Board instructed Fred to add this as an administrative requirement to all future TIF applications. The new requirement does not apply to the Colchester application.

11:52 a.m. Betsy Gentile made a motion to adjourn. Nancy Port seconded and the motion carried 6-0-0.

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| Minutes Drafted by: | Jayna Jones | September 24, 2010 |
| Reviewed by: | Fred Kenney | September 28, 2010 |
| Approved by Council: | | October 28, 2010 |